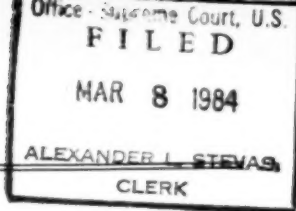


No. 83-1301



**In the  
Supreme Court of the United States**

OCTOBER TERM, 1983

MILGO ELECTRONIC CORPORATION, ET AL.,  
PETITIONERS,

v.

CODEX CORPORATION, ET AL.,  
RESPONDENTS.

**BRIEF IN OPPOSITION TO PETITION  
FOR WRIT OF CERTIORARI**

CODEX CORPORATION

By its attorneys

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**Statement of the Case**

Petitioner Milgo's "Whang" patent centrally involved in this action was originally upheld in the Tenth Circuit, in an action not involving Respondents ("Codex"), on the ground that it added so-called "narrow" or "50% rolloff" skirts to a combination of elements now conceded by everyone to be otherwise old and unpatentable.

The "skirts" in question are a characteristic of electrical filters used in modems—devices for connecting computers over telephone lines.

In the Tenth Circuit action Milgo presented a complex technological argument based on energy levels and assertedly unconventional use of terminology by the patentee,

Mr. Whang, that induced the Kansas District Court, in effect, to read 50% rolloff "between the lines" of the patent.<sup>1</sup> The Court of Appeals affirmed.<sup>2</sup>

Since then Milgo twice again sought to enforce the Whang patent, using the Tenth Circuit result as a springboard. One effort was this action, in Massachusetts. The other was in Delaware. Both the Massachusetts and Delaware Courts, after full trials, found that the "50% rolloff" theory of novelty was a complete and deliberate fabrication.

The Massachusetts District Court said of the fabrication (Petitioner's Appendix D, pp. 20, 27-28):

I find that the concept of narrow skirts as the novel teaching of the '023 patent to have been devised by Mr. Jones and Mr. Whang after the fact, for purposes of establishing the validity of the '023 patent in the Kansas litigation.

. . . .

Plaintiffs seek their attorneys' fees on the ground that this is a special case because defendants have deliberately fabricated the narrow skirt theory. . . . I regretfully come to the conclusion that the plaintiffs are correct. . . . Both Mr. Whang and Attorney Jones are highly trained and sophisticated people. I cannot escape the conclusion that both of these men have deliberately misrepresented the narrow skirt issue to both the District Court of Kansas and to this court.

To the same effect are the findings of the Delaware District Court (*Rixon, Inc. v. Racal-Milgo, Inc.*, 551 F.Supp. 163, 172, 175 (D.Del. 1982):

In persuading the Kansas Court that Whang had invented something patentable rather than arrived at an obvious improvement over the prior art, Milgo relied on

<sup>1</sup> Kansas District Court Opinion (Petitioner's Appendix B, p. 47)

<sup>2</sup> Court of Appeals, 10 Cir. Opinion (Petitioner's Appendix C, p. 13)

representations of Whang and other witnesses that the Whang '023 patent taught the use of 'sharp skirted' filters. . . . Whang, Milgo and its Kansas trial attorney knew at that time that the Whang '023 did not teach 'sharp skirted' filters and that the Milgo modems touted as having revolutionized the industry did not have sharp skirts.

\* \* \*

While I conclude that the evidence of fraud on the Patent Office is not clear and convincing, there can be no doubt that the evidence of fraud on the Kansas Court is accurately so categorized. Whang testified in Kansas that his patent taught the use of filters having 50% rolloff or less. The Kansas Court accepted this statement, and relied upon it as a non-obvious advance over the prior art. (Finding of Fact ('F.F.') 61, 76). This testimony was false, and Whang and Milgo's trial counsel knew it was false at the time.

The deliberate fabrication had many facets. The technological and linguistic theories spun out by Mr. Whang to squeeze 50% rolloff out of the patent were at odds with the language of the patent itself, and were at odds with one of its drawings (Fig. 3) which, properly understood, showed the admittedly prior art 100% rolloff. Moreover, key Milgo modems marked with the Whang patent number, and which Mr. Whang testified in Kansas embodied his 50% rolloff "invention", turned out to have much wider skirts, even 100% rolloff; one of these, Milgo's "2247" modem, was even called by Whang the "mother of my invention" in his false Kansas testimony. Documents were withheld from the Kansas Court in support of the fraud. In further support of what was said in Kansas, Milgo removed the Whang patent labels from many wide skirted modems that had been marked with the Whang number before the 50% rolloff story was concocted.

The Massachusetts District Court found in detail as follows with respect to these matters (Petitioner's Appendix D, pp. 18-21, p. 15):

He [Whang] says the novelty of his invention is the combination of these elements with severe band limiting. By severe band limiting he means a passband of  $1/T$  Hz and confinement of substantially all the passed energy within the 'sweet spot'. The energy level at the 'sweet spot' edges should be no more than 'a couple of percent'. According to Mr. Whang, a person skilled in the art would recognize that a combined filter roll-off of about 50% or less would be required. In drawing the specification on the '023 patent he claims to have used the phrase ' $1/T$  Hz passband' in a special sense to include the confinement of substantially all of the energy within the 'sweet spot'.\*\*\* According to Whang, specifications made it clear that substantially all of the energy outside of the 'sweet spot' should be attenuated.

*Facts Which Impeach Whang's Testimony*

1. In the art of filter design, at least as applied to data transmission, 'passband' has a generally accepted meaning. It is used to denote the range of frequencies which a filter passes at amplitude levels down to about -3db. Whang was a filter specialist before he undertook the invention of modems. He is moreover, a highly educated man, with considerable facility in technical language (despite his present disclaimers). He wrote a master's thesis on filters. I find it highly unlikely that he used the term 'passband' in his patent in anything other than the ordinary sense. Furthermore, the use of 'passband' in the generally accepted sense is consistent with the rest of the language in the patent, and Mr. Whang's new special meaning is not. I further find that a person skilled in the art would read the word 'passband' as used in the '023

patent as meaning the range of frequencies passed by the composite filter of the modem at amplitude levels down to about -3db.

2. Alternate embodiments of Whang's invention as described in col. 14, l. 68-72 of the '023 patent would permit the edges of the passband to coincide with the edges of the 'sweet spot'. Since a perfect zero roll-off filter is impossible, the necessary implication is that there will be substantial amounts of energy transmitted outside the 'sweet spot'. Accordingly, it is not even a permissible inference from the language of the patent that all of the energy except 'a couple percent' would be within the 'sweet spot'. Whang's conclusion that a teaching of 'narrow skirts' is to be implied from the centering of the passband in one of his suggested embodiments is completely undermined by the lines cited.

3. Figure 3 of the '023 patent is described as depicting 'a typical desired response of signal in Fig. 2 when subjected to proper band limiting filter.' (Col. 2, l. 69-70). In a subsequent patent authored by Mr. Whang (Scott-Whang 3,988,540), the '023 patent is referred to as prior art. Figure 3 is reproduced as Figure 1A and described as 'an illustration of waveforms from the aforementioned prior art patent' ('540, col. 2, l. 67-9). At the trial, under repeated questioning by the court, Mr. Whang unequivocally stated that he intended this figure<sup>3</sup> to represent the signal actually transmitted by the modem described in the '023 patent. *This figure depicts the signal transmitted through a composite filter having a roll-off of 100%, i.e., skirts of the maximum width consistent with the Nyquist criteria described above.*

. . .



*Ultimate Finding of Fact Concerning Filter Roll-Off Characteristics of the Whang '023*

I conclude that the Whang '023 patent, neither expressly or by implication, on neither the claims nor the specifications, describes a composite filter roll-off characteristic of less than 50% as an element of the invention. On the contrary, I find that, as Whang himself testified at one point, Whang left it to the design engineer to determine the roll-off characteristic of the composite filter anywhere within the limits of the Nyquist criterion, i.e., from zero to 100 percent, depending upon the requirements of the particular application.

\* \* \*

After the issuance of the patent, Milgo affixed labels asserting the protection of the Whang '023 patent on its modems with the following model numbers:

WU 2247 (the original Western Union Model)  
4400/24 PB  
2200/20  
2200/24  
3300/36  
20 LSI  
24 LSI  
201 LSI  
201C LSI  
96 MM  
26 LSI

The label was removed from the 2200/20 and 2200/24 on January 28, 1976. On April 11, 1977, Milgo removed the labels from all models except the WU 2247 (which was by that time obsolete), the 4400/24 PB, (which was related to the WU 2247, but which had somewhat narrower skirts) and the 96 MM. Both the labeling and the unlabeled were done at the direction of Attorney Stanley



Jones, Milgo's patent attorney, who prosecuted the '023 application in the patent office and who has represented Milgo in all subsequent litigation concerning that patent, including the present case.

Of the Milgo models listed above, only model 96 MM has 'narrow skirts', i.e., a combined filter roll-off of 50% or less.

The Delaware District Court held similarly (*Rixon, Inc. v. Racal-Milgo, Inc.*, 551 F.Supp. at 176-177):

The evidence of Whang's own research and development also strongly supports the conclusion that narrow rolloff was not an element of Whang '023.

\* \* \*

Whang originally demonstrated his modem to Western Union on June 27, 1966. He held a second demonstration on July 13, the day before he filed his patent application. William Waggener testified at the Delaware trial that the filters which Whang identified as those used in the June and July tests had rolloffs of over more than 70%. Milgo has contested the accuracy of Waggener's method of estimating rolloff, but it has not put forward any alternative estimate of the rolloff of these filters. I find the evidence clear and convincing that the June and July demonstration modems used filters which did not have less than 50% rolloff.

The evidence also shows that Whang subsequently designed filters in an attempt to produce a modem capable of simultaneously transmitting voice and data [footnote omitted]. He employed these in the production model 2247 modem delivered to Western Union in March 1967, but this modem did not work successfully and Milgo returned to wider filters for the 175 modems of the 2247 model it sold to Western Union.

I do not accept Milgo's explanation that Whang simply 'forgot' what filters were used in the Western Union modem. The design of these filters was contemporaneous with the patent application; Whang thought the patent covered the Western Union modems. A filter designer, by training, Whang was intimately involved in the design and testing of the filters for the Western Union modems. Whang himself said in Kansas that he remembered the filters he designed because they were like his own children. (Tr. 297-98). He could not have 'forgotten.'

Milgo had ample means available to it to correct the record, or to refresh Whang's ostensibly failing memory. It had both Whang's filter files and internal documents which reflected the decision to widen the Western Union filters. (PX 185). Whang misrepresented the facts about the Western Union modems, and he did so with Milgo's blessing.

. . .

Dealing with another aspect of the fraud, the Delaware District Court found (*Id.* at 175):

Whang also testified that the Milgo 24LSI and 20LSI modems, although using more advanced circuitry than the original 4400 modem series, incorporated his sharp rolloff invention. The commercial success of these modems was one of the secondary considerations contributing to the Kansas Court's finding of non-obviousness. (F.F. 39). This testimony likewise was deliberately false.

The Delaware District Court acknowledged the Massachusetts District Court's parallel fraud findings (*Id.* at 176):

Since the Kansas trial, Milgo has had two separate opportunities to provide support for its 'narrow skirts' reading of the Whang patent. It has failed on both

occasions to articulate a coherent story. In the *Codex* case in Boston, Whang again testified that his patent taught 'severe band limiting' and a composite filter with a rolloff less than 50%, although he was unable to point to any language in the patent teaching 50% or less rolloff. The Massachusetts District Court rejected Whang's testimony, citing the absence in the patent of any reference, direct or indirect, to a 50% rolloff, the 100% rolloff of the pulse in Figure 3 of the patent, and the filters actually used in the original Whang modems.

Pursuant to 35 U.S.C. §285, the Massachusetts District Court found this to be an "exceptional" case and awarded *Codex* its reasonable attorneys' fees.<sup>3</sup> The First Circuit Court of Appeals affirmed.

### Summary of Argument

The facts found by the Massachusetts District Court were found on appeal to be fully supported by the evidence, and to justify the award of attorneys' fees; there is no reason for further review by this Court. Moreover, the Court of Appeals found that the District Court's findings fully complied with the "clear and convincing" standard, citing with approval the very decision (*Barr*) of the Second Circuit with which petitioner incorrectly urges that there is conflict.

### Argument

Milgo's petition is for the most part an attack on the Massachusetts findings of fact. But these have been reviewed and found fully supported by the Court of Appeals for the First Circuit. Moreover, they were independently corroborated by the Delaware District Court. Surely, there is no call for this Court's further scrutiny.

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<sup>3</sup> The attorneys' fees question was not reached in the Delaware action, which was settled after the District Court's finding of fraud.

The alleged conflict with the Tenth Circuit is bogus. It is not "conflict" when a second court finds, on evidence not before the first court, that the first was misled by a false and incomplete record.

The attorneys' fee award was not only fully justified by the findings of fraud, but is a matter over which the District Court has substantial discretion. *Angoff v. East Boston Company*, 281 F.2d 787, 789 (1 Cir. 1960).

Milgo attacks the fee award by arguing that the District Court failed to apply the "clear and convincing evidence" standard in making the underlying fraud findings.

But the language used by the Massachusetts District Court left no doubt that it found misrepresentation on the basis of evidence substantially weightier than a mere preponderance. The court said that it "[could not] escape the conclusion that [Whang and Jones] have deliberately misrepresented the narrow skirt issue to both the District Court of Kansas and to this Court" (Petitioner's Appendix D. p. 28). The evidence was characterized as "very strong" and "quite persuasive" (*Id.* at 28). Milgo's contrary protestations were "not at all persuasive" (*Id.* at 28). Whang's testimony on the narrow skirts issue was said to be "completely undermined" (*Id.* at 20). In addition, in its rulings of law, the Court ruled that comity was to be extended to prior validity findings "in the absence of *convincing* new evidence or *clear* conviction that the prior decision is incorrect as a matter of law" (*Id.* at 25). The failure of the Court to use the precise phrase "clear and convincing" loses any significance in light of its use of obvious synonyms.

*Barr Rubber Products Co. v. Sun Rubber Co.*, 425 F.2d 1114, 1120 (2 Cir. 1970), the case relied upon by Milgo, is distinguishable in this regard; the Court of Appeals "assume[d] from the lower Court's *silence* that it applied [the] normal 'preponderance of the evidence' test". Here the District Court used virtually the exact words "clear and convincing".

The requirement that fraud be supported by more than a mere preponderance is hardly novel doctrine. It is unreasonable to assume, as Milgo apparently does, that the Court was oblivious to this requirement. This assumption is particularly unwarranted since the Court found gross misconduct on the part of an attorney practicing before it. No court would make such a finding if the question were a close one. Rather, the Court was "regretfully" unable to "escape" such findings.

The real issue is not whether the court identified the right burden of persuasion, but rather whether the evidence before the Court clearly and convincingly supported a finding of fraud. On any fair view it did. *Barr* is also distinguishable on this ground; there it was found on appeal that the evidence of fraud "did not suffice" even under the "preponderance of the evidence" standard.

The Court of Appeals here held (Petitioner's Appendix G, pp. 15-16):

We agree with Milgo that the proper standard of proof in assessing whether the necessary prerequisites of inequitable conduct exist is the "clear and convincing" standard. *Barr Rubber Products Company v. Sun Rubber Company*, 425 F.2d at 1120. The relevant inquiry is not whether the district court expressly stated that it was applying the "clear and convincing" standard but whether its findings do meet this standard.

We hold that these *findings*, which were supported by the evidence and were clear and precise, *meet the "clear and convincing" standard*.

The alleged conflict between the First and Second Circuits over the "clear and convincing" standard thus simply does not exist. The First Circuit explicitly subscribed to the standard (even citing the Second Circuit's *Barr* decision for the proposition), and the Massachusetts Court made it plain enough that it was applied.

**Conclusion**

The petition should be denied.

Respectfully submitted,

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STATEMENT PURSUANT TO RULE 28.1

Respondent Codex Corporation ("Codex") is owned by Motorola, Inc. All of Codex's subsidiaries and affiliates are wholly-owned, directly or indirectly, by Motorola, Inc.

Respondent Yellow Freight System, Inc. ("Yellow Freight") is owned by Yellow Freight System, Inc. of Delaware. Yellow Freight's subsidiaries are all wholly-owned.